



**BRICKWORKS**  
INVESTMENT COMPANY LIMITED

# Annual Report

for year ended 30 June 2009

ABN 23 106 719 868

## CORPORATE DIRECTORY

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### Directors

Robert Dobson Millner	Non-Executive Director and Chairman
David Capp Hall	Non-Executive Director
Alexander James Payne	Non-Executive Director
Geoffrey Guild Hill	Non-Executive Director
Ian Thomas Huntley	Non-Executive Director (appointed 10 February 2009)

### Chief Executive Officer

Thomas Charles Dobson Millner

### Secretary

Richard James Pillinger

### Registered Office

Level 2, 160 Pitt Street Mall,  
Sydney NSW 2000

Telephone: (02) 9210 7000

Facsimile: (02) 9210 7099

Postal Address: GPO Box 5015, Sydney 2001

### Auditors

Ruwald & Evans  
Level 1, 276 Pitt Street, Sydney NSW 2000

### Share Registry

Computershare Investor Services Pty Limited  
60 Carrington Street,  
Sydney 2000

### Australian Stock Exchange Code

Ordinary Shares      BKI

### Website

<http://www.brickworksinvestments.com.au>

# Brickworks Investment Company Limited

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## FINANCIAL HIGHLIGHTS

### ■ Revenue Performance

		% Change		\$'000
Dividend/distribution income - Ordinary	Up	15.5%	to	19,907
Dividend/distribution income - Special	Up	45.2%	to	1,295

### ■ Profits

Operating profit before tax but before special dividend income, realised and unrealised losses on investment portfolio and discount on acquisition	Up	13.8%	to	21,753
Dividend income - Special	Up	45.2%	to	1,295
Realised and impairment losses on investment portfolio after tax	Down	247.7%	to	(6,833)
Discount recognised on acquisition of controlled entity	Up	100.0%	to	3,323
Total income tax credit / (expense)	Up	218.1%	to	2,428
Net loss attributable to Minority Interests	Up	100.0%	to	146
Net profit for the year attributable to shareholders	Down	2.1%	to	22,112

### ■ Portfolio

Total Portfolio Value	Up	9.3%	to	478,275
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### ■ Earnings per share\*

Basic earnings per share before special dividend income and realised gains on investment portfolio	Down	8.7%	to	5.93
Basic earnings per share after special dividend income and realised gains on investment portfolio	Down	20.8%	to	6.34

\* Includes increased share capital post the acquisition of Huntley Investment Company Limited

### ■ Net Tangible Asset (NTA) History:

	30/06/04	30/06/05	30/06/06	30/06/07	30/06/08	30/06/09
NTA Before Tax	\$1.08	\$1.28	\$1.43	\$1.69	\$1.52	\$1.22
NTA After Tax	\$1.06	\$1.20	\$1.32	\$1.51	\$1.41	\$1.19

## FINANCIAL HIGHLIGHTS (continued)

■ **Fully franked final dividend** of 3.0 cents per share.

This brings the total fully franked dividends for the year to 6.0 cents per share on the increased share capital arising from the takeover of Huntley Investment Company Limited (2008: 6.0 cents per share).

■ **Dividend History (cents per share)**

	30/06/04	30/06/05	30/06/06	30/06/07	30/06/08	30/06/09
Interim	-*	2.1	2.5	2.6	3.0	3.0
Final	2.0	2.2	2.5	2.7	3.0	3.0
Special	-	-	1.0	-	-	-
<b>Total</b>	<b>2.0</b>	<b>4.3</b>	<b>6.0</b>	<b>5.3</b>	<b>6.0</b>	<b>6.0</b>

\* This Company was listed on ASX 12 December 2003, no interim dividend is applicable.

**List of securities held and their market value at 30 June 2009 were (combined Investment and Trading Portfolios):**

Stock	Shares Held	Market Value (\$'000)	Portfolio Weight
<b>Banks</b>			
Australia and New Zealand Banking Group Limited	320,224	5,295	1.11%
Bank of Queensland Limited	281,273	2,537	0.53%
Bendigo Bank Limited	486,092	3,369	0.70%
Commonwealth Bank	820,000	31,920	6.67%
National Australia Bank Limited	1,764,191	39,590	8.28%
Westpac Banking Corporation	1,135,465	22,930	4.79%
Westpac SPS II Institutional Offer	90,165	9,400	1.97%
Westpac Stapled Preferred Securities	20,840	2,038	0.43%
		<b>117,079</b>	<b>24.48%</b>
<b>Capital Goods</b>			
GWA International Limited	1,310,000	3,000	0.63%
United Group Limited	100,000	1,032	0.22%
		<b>4,032</b>	<b>0.84%</b>
<b>Commercial Services &amp; Supplies</b>			
Brambles Limited	905,952	5,354	1.12%
Campbell Brothers Limited	318,629	6,487	1.36%
Salmat Limited	786,085	2,712	0.57%
Seek Limited	459,246	1,916	0.40%
Skilled Group Limited	394,826	484	0.10%
The MAC Services Group Limited	750,035	881	0.18%
Transfield Services Limited	400,000	912	0.19%
		<b>18,746</b>	<b>3.92%</b>
<b>Consumer Durables &amp; Apparel</b>			
Gazal Corporation Limited	211,865	206	0.04%
		<b>206</b>	<b>0.04%</b>
<b>Consumer Services</b>			
Crown Limited	90,574	657	0.14%
Invocare Limited	751,000	4,356	0.91%
Tabcorp Holdings Limited	253,900	1,798	0.38%
Tattersall's Limited	951,872	2,418	0.51%
		<b>9,229</b>	<b>1.93%</b>
<b>Diversified Financials</b>			
Australian Securities Exchange Limited	174,000	6,424	1.34%
Choiseul Investments Limited	1,082,985	4,689	0.98%
Macquarie Group Limited	162,213	6,334	1.32%
Milton Corporation Limited	106,606	1,546	0.32%
Perpetual Limited	149,510	4,256	0.89%
		<b>23,249</b>	<b>4.86%</b>

# Brickworks Investment Company Limited

## List of securities (continued):

Stock	Shares Held	Fair Value (\$'000)	Portfolio Weight %
<b>Energy</b>			
Caltex Australia Limited	86,950	1,200	0.25%
New Hope Corporation Limited	14,760,452	67,310	14.07%
Santos Limited	98,000	1,428	0.30%
Woodside Petroleum Limited	360,000	15,550	3.25%
		<b>85,488</b>	<b>17.87%</b>
<b>Food, Beverages &amp; Tobacco</b>			
Coca Cola Amatil Limited	618,000	5,296	1.11%
Graincorp Limited	93,444	663	0.14%
Lion Nathan Limited	227,300	2,627	0.55%
		<b>8,586</b>	<b>1.80%</b>
<b>Food &amp; Staples Retailing</b>			
AWB Limited	782,000	919	0.19%
Metcash Limited	1,505,833	6,430	1.34%
Wesfarmers Limited	638,570	14,280	2.99%
Woolworths Limited	609,000	16,050	3.36%
		<b>37,679</b>	<b>7.88%</b>
<b>Health Care Equipment &amp; Services</b>			
Clover Corporation Limited	858,000	176	0.04%
Sonic Healthcare Limited	42,500	519	0.11%
		<b>695</b>	<b>0.18%</b>
<b>Insurance</b>			
AMP Limited	973,833	4,743	0.99%
AXA Asia Pacific Holdings Limited	426,000	1,653	0.35%
Insurance Australia Group Limited	1,076,446	3,746	0.78%
QBE Insurance Group Limited	594,244	11,810	2.47%
Suncorp-Metway Limited	390,000	2,597	0.54%
Suncorp-Metway Limited Convertible Preference Shares	40,000	3,464	0.72%
		<b>28,013</b>	<b>5.86%</b>
<b>Materials</b>			
Alumina Limited	1,021,912	1,472	0.31%
BHP Billiton Limited	1,361,000	47,190	9.87%
Bluescope Steel Limited	233,568	591	0.12%
Boral Limited	81,000	330	0.07%
Brickworks Limited	435,000	5,903	1.23%
Onesteel Limited	800,000	2,056	0.43%
Orica Limited Step up Preference Securities	10,000	890	0.19%
Rio Tinto Limited	49,562	2,179	0.46%
		<b>60,611</b>	<b>12.67%</b>

**List of securities (continued):**

Stock	Shares Held	Fair Value (\$'000)	Portfolio Weight %
<b>Media</b>			
Consolidated Media Holdings	75,574	171	0.04%
Fairfax Media Limited	2,100,000	2,552	0.53%
Ten Network Holdings Limited	747,429	871	0.18%
West Australian Newspapers Holdings Limited	372,458	1,609	0.34%
		<b>5,203</b>	<b>1.09%</b>
<b>Real Estate</b>			
The GPT Group	1,000,000	485	0.10%
Westfield Group	193,157	2,192	0.46%
		<b>2,677</b>	<b>0.56%</b>
<b>Retailing</b>			
ARB Corporation Limited	673,437	2,390	0.50%
		<b>2,390</b>	<b>0.50%</b>
<b>Telecommunications Services</b>			
SP Telemedia Limited	3,322,223	1,179	0.25%
Telstra Corporation Limited	5,228,000	17,670	3.69%
		<b>18,849</b>	<b>3.94%</b>
<b>Transportation</b>			
Lindsay Australia Limited	3,120,034	546	0.11%
Macquarie Infrastructure Group	762,892	1,087	0.23%
Qantas Airways Limited	602,500	1,205	0.25%
Transurban Group	134,581	560	0.12%
		<b>3,398</b>	<b>0.71%</b>
<b>Utilities</b>			
AGL Energy Limited	1,056,000	14,170	2.96%
APA Group	790,000	2,157	0.45%
		<b>16,327</b>	<b>3.41%</b>
<b>Total Investments</b>		<b>442,457</b>	<b>92.51%</b>
<b>Bank Deposit</b>		<b>35,818</b>	<b>7.49%</b>
	<b>TOTAL PORTFOLIO</b>	<b>478,275</b>	<b>100.00%</b>

The Group is not a substantial shareholder in any of the investee corporations in accordance with the Corporations Act 2001, as each equity investment represents less than 5% of the issued capital of the investee corporation.



## GROUP PROFILE

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Brickworks Investment Company Limited (the Group) is a Listed Investment Company on the Australian Stock Exchange. The Group invests in a diversified portfolio of Australian shares, trusts and interest bearing securities. Shares were listed on the Australian Stock Exchange Limited commencing 12 December 2003.

### Corporate Objectives

The Group aims to generate an increasing income stream for distribution to its shareholders in the form of fully franked dividends, to the extent of its available imputation tax credits, through long-term investment in a portfolio of assets that are also able to deliver long term capital growth to shareholders.

### Investment Strategy

The Group is a long-term investor in companies, trusts and interest bearing securities with a focus on Australian entities. It primarily seeks to invest in well-managed businesses with a profitable history and with the expectation of sound dividend and distribution growth.

### Dividend Policy

The Group will pay the maximum amount of realised profits after tax to its shareholders in the form of fully franked dividends to the extent permitted by the Corporations Act, the Income Tax Assessment Act and prudent business practices from profits obtained through interest, dividends and other income it receives from its investments.

Dividends will be declared by the Board of Directors out of realised profit after tax, excluding realised capital profit from any disposals of long-term investments.

### Management

As previously announced, on 1 December 2008 the Group internalised the portfolio management function. Prior to this, Souls Funds Management Limited acted as Portfolio Manager.

The Group also engages Corporate and Administrative Services Pty Ltd to provide accounting and group secretarial services.

## CHAIRMAN'S ADDRESS

Dear Shareholders,

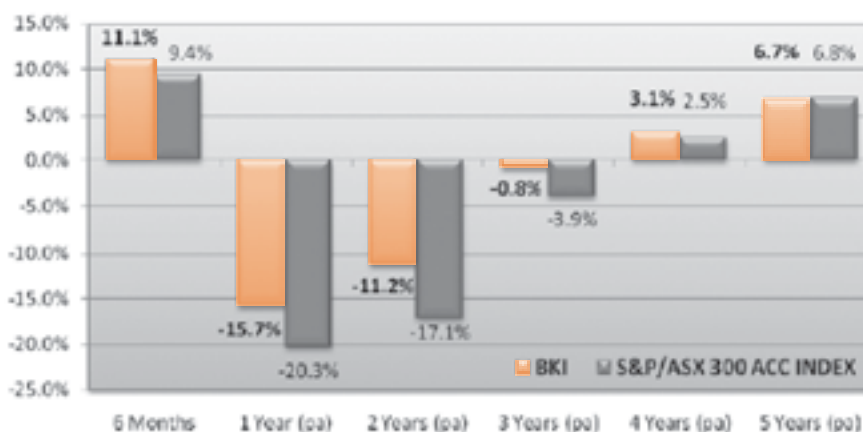
I am pleased to enclose the 6th Annual Report of Brickworks Investment Company Limited for the year ended 30 June 2009.

Income from operating activities before special investment revenue and net gains / (losses) on investment portfolio increased 11% to \$23.2m. Whilst Special Investment Revenue increased 45% to \$1.3m.

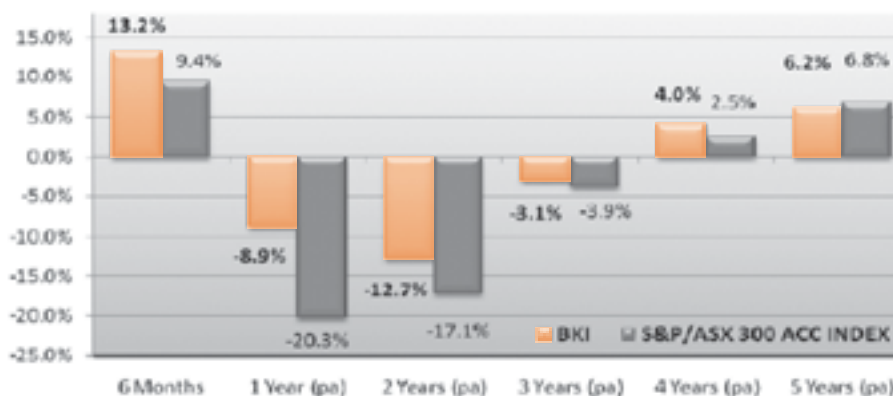
BKI has increased net operating profit before special investment revenue and net gains / (losses) on investment portfolio by 13% to \$20.7m. Net Profit After Tax was \$22.1m, down 2% on the previous corresponding period.

### Performance

BKI's Net Portfolio Return (after all operating expenses, payment of both income and capital gains tax and the reinvestment of dividends) for the 12 months to 30 June 2009 was negative 15.7% compared to the S&P/ASX 300 Accumulation Index which declined by 20.3%. The chart below shows historical portfolio returns benchmarked to the S&P/ASX 300 Accumulation Index:



BKI's Share Price Performance (including the reinvestment of dividends) for the 12 months to 30 June 2009 was negative 8.9%. This compares favourably to the S&P/ASX 300 Accumulation Index which returned negative 20.3% over the same period, an out performance of 11.4%. The chart below shows historical share price performance benchmarked to the S&P/ASX 300 Accumulation Index:



## CHAIRMAN'S ADDRESS - Continued

### Portfolio Movements

BKI continues to focus on investing for the long term with major investments over the 12 months to 30 June 2009 including BHP Billiton, Telstra Corporation, Coca-Cola Amatil, Metcash Limited, Westpac Banking Corporation SPSII, United Group, ARB Corporation and Woolworths Limited.

BKI also participated in numerous capital raisings through Entitlement Offers, Placements and Share Purchase Plans with major investments including Commonwealth Bank, Wesfarmers Limited, Alumina Limited, Bluescope Limited, OneSteel Limited, GPT Group and Seek Limited.

The investment portfolio is continually reviewed by the Investment Committee to determine if any stocks held within it are, in the view of the committee, impaired. This review primarily focuses on the ability of the company to pay dividends over the long term.

If there is objective evidence found that may impact future cash flows of the company resulting from significant changes in the technological, market, economic or legal environment in which that company operates BKI will consider it impaired and normally dispose of the stock. In the event that an investment is considered impaired, but has not yet been disposed of, an impairment charge is recognised in the Income Statement.

The impairment review undertaken by the Investment Committee identified an unrealised impairment loss of \$1.4m. The portfolio is re-valued daily on a mark to market basis and as such the impairment charge does not impact BKI's NTA.

In accordance with BKI's investment strategy, there is an expectation from companies in which we invest that they continue to pay dividends over the long term. Major divestments from the BKI Investment Portfolio as a result of significantly reduced dividend payments include Babcock & Brown Infrastructure Group, BBI EPS Limited, Alesco Corporation, Watty Limited, Vision Group Holdings, Specialty Fashion Group, Bravura Solutions and CBD Energy. These sales resulted in a realised loss of \$5.4m.

St George Bank Limited was also divested following the successful takeover by Westpac Banking Corporation.

### List of Top 20 Securities held as at 30 June 2009:

Stock	Shares Held	Fair Value (\$'000)	Portfolio Weight *
1 New Hope Corporation Limited	14,760,452	67,310	14.07%
2 BHP Billiton Limited	1,361,000	47,190	9.87%
3 National Australia Bank Limited	1,764,191	39,590	8.28%
4 Commonwealth Bank	820,000	31,920	6.67%
5 Westpac Banking Corporation	1,135,465	22,930	4.79%
6 Telstra Corporation Limited	5,228,000	17,670	3.69%
7 Woolworths Limited	609,000	16,050	3.36%
8 Woodside Petroleum Limited	360,000	15,550	3.25%
9 Wesfarmers Limited	638,570	14,280	2.99%
10 AGL Energy Limited	1,056,000	14,170	2.96%
11 QBE Insurance Group Limited	594,244	11,810	2.47%
12 Westpac Banking Corporation SPSII	90,165	9,400	1.97%
13 Campbell Brothers Limited	318,629	6,487	1.36%
14 Metcash Limited	1,505,833	6,430	1.34%
15 Australian Securities Exchange Limited	174,000	6,424	1.34%
16 Macquarie Group Limited	162,213	6,334	1.32%
17 Brickworks Limited	435,000	5,903	1.23%
18 Brambles Limited	905,952	5,354	1.12%
19 Coca Cola Amatil Limited	618,000	5,296	1.11%
20 Australia and New Zealand Banking Group Limited	320,224	5,295	1.11%

## CHAIRMAN'S ADDRESS - Continued

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### Huntley Investment Company Limited

The Huntley Investment Company acquisition was completed under compulsory acquisition on the 23rd January 2009. Managing Director of Huntley Investment Company, Mr Ian Huntley has since accepted positions on the BKI Board and Investment Committee. Ian brings a wealth of knowledge and experience to BKI.

### Dividends

The Final Dividend has been maintained at 3 cents per share fully franked on the increased share capital resulting from the takeover of Huntley Investment Company Limited during the year. The record date will be 21 August 2009 with a payment date of 4 September 2009.

As at 30 June 2009 BKI was trading on a historical fully franked dividend yield of 5.7%.

### Operating Expenses

Operating Expenses were \$1.4m as at the 30 June 2009, a reduction of 29% on the corresponding period. BKI's Management Expense Ratio (MER) has decreased from 0.46% to 0.31% over the financial year. It is important to note that the latest MER figure also contains 5 months of fees from the previous external management arrangement. Based on the present level of net tangible assets, BKI is confident that the MER at financial year end 2010 should be approximately 0.20% - 0.25%.

### Outlook

BKI is expecting a substantial fully franked special dividend payment from New Hope Corporation Limited (to be paid in conjunction with the final 2009 year dividend in November 2009). This additional income places BKI in a very strong position for the upcoming financial year.

Despite some negativity surrounding company earnings and reduced dividend income expected in the forthcoming reporting season, there continues to be opportunities for the long term investor. There are many well managed, profitable businesses with strong balance sheets and attractive dividend yields within the Australian market.

As at 30 June 2009 BKI held \$38.7m in cash and dividends receivable, representing some 8.0% of the total assets. The strong cash position places the company well and we will continue to take advantage of investment opportunities when they arise.

Yours sincerely,

**Robert Millner**  
Chairman

**Sydney, 11 August 2009**

## DIRECTORS' REPORT

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The directors of Brickworks Investment Company Limited present the following report on the Company and its controlled entities (the Group) for the year ended 30 June 2009.

### 1. Directors

The following persons were directors since the start of the financial year and up to the date of this report unless otherwise stated:

#### **Robert Dobson Millner, FAICD – Non-Executive Director and Chairman**

Mr Millner has 25 years experience as a Company Director. During the past three years, Mr Millner has also served as a Director of the following other listed companies:

- Milton Corporation Limited\*
- Choiseul Investments Limited\*
- New Hope Corporation Limited\*
- Washington H Soul Pattinson and Company Limited\*
- SP Telemedia Limited\*
- Brickworks Limited\*
- Souls Private Equity Limited\*
- Australian Pharmaceutical Industries Limited\*

\* denotes current directorship

#### ***Special Responsibilities:***

- Chairman of the Board
- Chairman of the Nomination Committee
- Chairman of the Investment Committee
- Member of the Remuneration Committee

#### **David Capp Hall, FCA, FAICD – Independent Non-Executive Director**

Mr Hall is a Chartered Accountant with experience in corporate management and finance. He holds directorships in other companies and is the Chairman of the audit committee. During the past three years, Mr Hall also served as a Director of the following listed companies:

- Undercoverwear Limited

#### ***Special Responsibilities:***

- Chairman of the Audit Committee
- Member of the Remuneration Committee
- Member of the Nomination Committee

## DIRECTORS' REPORT

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### **Alexander James Payne, B.Comm, Dip Cm, FCPA, FCIS, FCIM - Non-Executive Director**

Mr Payne is Chief Financial Officer of Brickworks Limited and has considerable experience in finance and investment and is a member of the Audit Committee.

#### ***Special Responsibilities:***

- Member of the Audit Committee
- Member of the Investment Committee
- Chairman of the Remuneration Committee
- Member of the Nomination Committee

### **Geoffrey Guild Hill, B.Econ., MBA, FCPA, ASIA FAICD – Independent Non-Executive Director**

A merchant banker, Mr Hill has identified and implemented mergers and takeovers and has acted for a wide range of corporate clients in Australia and overseas.

During the past three years, Mr Hill has served as a Director of the following listed companies:

- Heritage Gold NZ Limited\*
- Hills Industries Limited\*
- Centrex Metals Limited\*
- Metals Finance Corporation Limited\*
- Souls Private Equity Limited (alternate director)
- Huntley Investment Company Limited
- Enterprise Energy NL
- Biron Capital Limited
- Undercoverwear Limited

\* denotes current directorship

#### ***Special Responsibilities:***

- Member of the Audit Committee
- Member of the Remuneration Committee
- Member of the Nomination Committee

### **Ian Thomas Huntley, BA – Independent Non-Executive Director**

After a career in financial journalism Mr Huntley acquired "Your Money Weekly" newsletter in 1973. Over the following 33 years, Mr Huntley built the Your Money Weekly newsletter into one of Australia's best known investment advice publications. He and partners sold the business to Morningstar Inc of the USA in mid 2006. Mr. Huntley continues an active role as Publisher, Huntley's Your Money Weekly.

During the past three years, Mr Huntley has served as a Director of the following listed companies:

- Huntley Investment Company Limited

#### ***Special Responsibilities:***

- Member of the Investment Committee
- Member of the Remuneration Committee
- Member of the Nomination Committee

## DIRECTORS' REPORT - Continued

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### 2. Company Secretary

#### **Richard Pillinger, BSc, CA**

Mr. Pillinger is a Chartered Accountant with extensive experience in public practice and commercial financial roles.

### 3. Principal Activities

The principal activities of the Group during the financial year were that of a Listed Investment Company (LIC) primarily focused on long term investment in ASX listed securities. There have been no significant changes in the nature of those activities during the year.

### 4. Operating Results

The consolidated profit of the Group after providing for income tax amounted to \$22,112,000 (2008: \$22,576,000).

### 5. Review of Operations

The Australian share market endured a difficult period during the year ending 30 June 2009 as a result of credit issues and global financial turmoil. Despite this, the group enjoyed another successful year with total income from operating activities increasing by 11.2% and overall profits after tax but before net gains / (losses) on the investment portfolio increasing by 14.4%.

The investment focus during the year again concentrated on managing the existing portfolio by continuing to add on existing holdings as well as adding new companies and investment products to the investment portfolio. Major investments over the 12 months to 30 June 2009 included BHP Billiton, Telstra Corporation, Coca-Cola Amatil, Metcash Limited, Westpac Banking Corporation SPSII, United Group, ARB Corporation and Woolworths Limited.

The group also participated in numerous capital raisings through Entitlement Offers, Placements and Share Purchase Plans with major investments including Commonwealth Bank, Wesfarmers Limited, Alumina Limited, Bluescope Limited, OneSteel Limited, GPT Group and Seek Limited.

The takeover of Huntley Investment Company Limited added further diversification to the investment portfolio which has strengthened the Group's position. A discount on acquisition of \$3.32 million was recognised in the consolidated results of the Group for the year.

An unrealised impairment charge of \$1.0 million after tax on the investment portfolio was recognised in net profits during the year. The portfolio is continuously marked to market through the revaluation reserve during the year, so this impairment charge has no impact on the net tangible assets of the group.

### 6. Financial Position

The net assets of the Group increased during the financial year by \$59.7 million to \$471.1 million.

This movement has largely resulted from the following factors;

- Net assets acquired on takeover of Huntley Investment Company Limited of \$105.8 million;
- Market value decrease in the investment portfolio of \$39.9 million net of tax.

### 7. Employees

The Group has one employee as at 30 June 2009 (2008: Nil)

## DIRECTORS' REPORT - Continued

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### 8. Significant changes in the state of affairs

Other than as stated above and in the accompany Financial Report, there were no significant changes in the state of affairs of the Group during the reporting year.

### 9. Likely Developments and Expected Results

The operations of the Group will continue with planned investments in Australian equities and fixed interest securities. No information is included on the expected results of those operations and the strategy for particular investments, as it is the opinion of the directors that this information would prejudice the interests of the Group if included in this report.

### 10. Significant Events after Balance Date

The directors are not aware of any matter or circumstance that has arisen since the end of the year to the date of this report that has significantly affected or may significantly affect:

- i. the operations of the Company and the entities that it controls;
- ii. the results of those operations; or
- iii. the state of affairs of the Company in subsequent years.

### 11. Dividends

There were two dividend payments during the year ended 30 June 2009.

On 29 August 2008, a final ordinary dividend of \$8,728,998 (3.0 cents per share fully franked) was paid out of retained profits at 30 June 2008.

On 12 March 2009, an interim ordinary dividend of \$11,743,934 (3.0 cents per share fully franked) was paid out of retained profits at 31 December 2008.

In addition, the directors have declared a final ordinary dividend of \$11,824,290 (3.0 cents per share fully franked) to be paid out of out of retained profits at 30 June 2009 and payable on 4 September 2009.

At 30 June 2009 there are \$11,916,000 of franking credits available to the Group (2008: \$3,069,000) after allowing for payment of the final, fully franked dividend.

### 12. Environmental Regulations

The Group's operations are not materially affected by environmental regulations.



## DIRECTORS' REPORT - Continued

### 13. Meetings of Directors

The numbers of meetings of the Board of Directors and each Board Committee held during the year to 30 June 2009, and the numbers of meetings attended by each Director were:

	Board		Investment		Audit		Remuneration	
	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend
RD Millner <sup>1</sup>	9	9	12	12	2	2	-	-
AJ Payne	9	9	12	12	2	2	1	1
DC Hall	9	9	-	-	2	2	1	1
GG Hill <sup>2</sup>	5	7	-	-	2	2	1	1
IT Huntley <sup>3</sup>	2	2	4	4	-	-	-	-

1 – Mr R Millner was ineligible to attend the Remuneration Committee meeting to avoid any potential conflict of interest.  
 2 – Mr G Hill was ineligible to attend two Board meetings where the acquisition of Huntley Investment Company Limited was under discussion in order to avoid any potential conflict of interest.  
 3 – Mr I Huntley was ineligible to attend any meetings prior to his appointment to the Board on 10 February 2009.

### 14. Remuneration Report (Audited)

This remuneration report outlines the Director and executive remuneration arrangements of the Company in accordance with the requirements of the Corporations Act 2001 and its Regulations. For the purposes of this report, key management personnel of the Company are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company, directly or indirectly.

#### Remuneration Policy

The Board is responsible for determining and reviewing remuneration arrangements for the Directors themselves and the Chief Executive Officer. It is the Group's objective to provide maximum shareholder benefit from the retention of a high quality Board and Executive Team by remunerating Directors and key executives fairly and appropriately with reference to relevant employment market conditions and their experience and expertise.

#### Elements of director and executive remuneration

Remuneration packages may contain the following key elements:

- Primary benefits – salary/fees, bonuses and non-monetary benefits including the provision of a motor vehicle or the payment of a car allowance where necessary.
- Post employment benefits including superannuation.
- Other benefits

The following disclosures detail the remuneration of the directors and the highest remunerated executives of the Parent and controlled entities.

## DIRECTORS' REPORT - Continued

### 14. Remuneration Report (Audited) (continued)

The names and positions held of group directors and key management personnel in office at any time during the financial year are:

Name	Position
RD Millner	Non-Executive Chairman
DC Hall	Non-Executive Director
AJ Payne	Non-Executive Director
GG Hill	Non-Executive Director
IT Huntley	Non-Executive Director (appointed 10 February 2009)
TCD Millner	Chief Executive Officer (appointed 1 December 2008)

There are no other employees of the Parent and controlled entities.

Details of the nature and amount of each Non – Executive Director's and key management personnel's emoluments from the Parent and controlled entities in respect of the year to 30 June were:

Directors 2009	Primary \$	Superannuation \$	Equity Compensation \$	Other Compensation \$	Total \$
RD Millner	40,000	3,600	-	-	43,600
DC Hall	30,000	2,700	-	-	32,700
AJ Payne	25,000	2,250	-	-	27,250
GG Hill	25,000	2,250	-	-	27,250
IT Huntley <sup>1</sup>	13,625	-	-	-	13,625
<b>Total</b>	<b>133,625</b>	<b>10,800</b>	<b>-</b>	<b>-</b>	<b>144,425</b>
<b>2008</b>					
RD Millner	40,000	3,600	-	-	43,600
DC Hall	30,000	2,700	-	-	32,700
AJ Payne	25,000	2,250	-	-	27,250
GG Hill	25,000	2,250	-	-	27,250
<b>Total</b>	<b>120,000</b>	<b>10,800</b>	<b>-</b>	<b>-</b>	<b>130,800</b>

1 – Appointed 10 February 2009

Payment to non-executive directors is fixed at \$300,000 until shareholders, by ordinary resolution, approve some other fixed sum amount. This amount is to be divided amongst the Directors as they may determine.

## DIRECTORS' REPORT - Continued

Key Management Personnel 2009	Primary \$	Superannuation \$	Equity Compensation \$	Other Compensation \$	Total \$
TCD Millner <sup>2</sup>	133,792	12,041	-	-	145,833
<b>Total</b>	<b>133,792</b>	<b>12,041</b>	<b>-</b>	<b>-</b>	<b>145,833</b>
<b>2008 - \$Nil</b>					
2 – Appointed 1 December 2008					

There were no retirement allowances provided for the retirement of non-executive directors.

There is no link between remuneration paid to Directors and key management personnel and Company performance.

These fees exclude any additional fee for any service based agreement which may be agreed from time to time, and also excludes statutory superannuation and the reimbursement of out of pocket expenses.

### Contract of Employment

Mr T Millner is employed by the Company under a contract of employment. This is an open ended contract with a notice period of one month required to terminate employment. Remuneration is fixed at \$250,000 per annum inclusive of superannuation.

Remuneration is reviewed annually by the Remuneration Committee.

## 15. Beneficial and relevant interest of Directors and Key Management Personnel in Shares

As at the date of this report, details of Directors and Key Management Personnel who hold shares for their own benefit or who have an interest in holdings through a third party and the total number of such shares held are listed as follows:

	Number of Shares
RD Millner	5,621,223
DC Hall	221,749
AJ Payne	169,612
GG Hill	841,303
IT Huntley	11,004,901
TCD Millner	1,500

## 16. Directors and Officers' Indemnity

The Constitution of the Parent provides indemnity against liability and legal costs incurred by Directors and Officers to the extent permitted by Corporations Act.

During the year to 30 June 2009, the Group has paid premiums of \$54,841 in respect of an insurance contract to insure each of the officers against all liabilities and expenses arising as a result of work performed in their respective capacities.

## DIRECTORS' REPORT - Continued

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### 17. Proceedings on Behalf of Group

No person has applied for leave of the Court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings.

The Group was not a party to any such proceedings during the year.

### 18. Non-audit Services

The Board of Directors is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the Board of Directors prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence as set out in the Institute of Chartered Accountants in Australia and CPA Australia's Professional Statement F1: Professional Independence.

No fees for non-audit services were paid to the external auditor, Ruwald & Evans, during the year ended 30 June 2009.

### 19. Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2009 has been received and can be found on page 53.

This report is made in accordance with a resolution of the Directors.

**Robert D Millner**  
**Director**

**Sydney, 11 August 2009**

## CORPORATE GOVERNANCE

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Brickworks Investment Company Limited (the Group) are committed to achieving and demonstrating the highest standards of corporate governance. Unless otherwise stated, the Group has followed the revised best practice recommendations effective from 1 January 2008 set by the ASX Corporate Governance Council during the reporting year.

This report summarises the Group's application of the 8 Corporate Governance Principles and Recommendations.

### **Principle 1 – Lay solid foundations for management and oversight**

*Recommendation 1.1: Companies should establish the functions reserved to the Board and those delegated to Senior Executives and disclose those functions.*

The Board of Directors (hereinafter referred to as the Board) are responsible for the corporate governance of the Parent and its controlled entities. The Directors of the Parent and its controlled entities are required to act honestly, transparently, diligently, independently, and in the best interests of all shareholders in order to increase shareholder value.

The Directors are responsible to the shareholders for the performance of the Group in both the short and the longer term and seek to balance sometimes competing objectives in the best interests of the Group as a whole. Their focus is to enhance the interests of shareholders and other key stakeholders and to ensure the Group is properly managed.

### **Role of the Board**

The responsibilities of the Board include:

- contributing to the development of and approving the corporate strategy
- reviewing and approving business results, business plans, the annual budget and financial plans
- ensuring regulatory compliance
- ensuring adequate risk management processes
- monitoring the Board composition, Director selection and Board processes and performance
- overseeing and monitoring:
  - organisational performance and the achievement of the Group's strategic goals and objectives
  - compliance with the Group's code of conduct
- monitoring financial performance including approval of the Annual Report and Half-Year Financial Reports and liaison with the Group's auditors
- appointment and contributing to the performance assessment of the Chief Executive Officer and external service providers
- enhancing and protecting the reputation of the Group
- reporting to shareholders.

### **Role of Senior Executives**

The responsibilities of Senior Executives include:

- organisation and monitoring of the investment portfolio
- managing organisational performance and the achievement of the Group's strategic goals and objectives
- management of financial performance
- management of internal controls

*Recommendation 1.2: Companies should disclose the process for evaluating the performance of Senior*

## CORPORATE GOVERNANCE - Continued

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### *Executives.*

Performance of Senior Executives is measured against relative market indices and financial and strategic goals approved by the Board. Performance is measured on an ongoing basis using management reporting tools.

### **Principle 2 – Structure the Board to add value**

The key elements of the Board composition include:

- ensuring, where practicable to do so, that a majority of the Board are Independent Directors
- Non-Executive Directors bring a fresh perspective to the Board's consideration of strategic, risk and performance matters and are best placed to exercise independent judgement and review and constructively challenge the performance of management
- the Group is to maintain a mix of Directors on the Board from different backgrounds with complimentary skills and experience
- the Board seeks to ensure that:
  - at any point in time, its membership represents an appropriate balance between Directors with experience and knowledge of the Group and Directors with an external perspective
  - the size of the Board is conducive to effective discussion and efficient decision making.

Details of the members of the Board, their experience, expertise, qualifications and independent status are set out in the Directors' report under the heading "Directors".

### *Recommendation 2.1: A majority of the Board should be Independent Directors*

The Group has followed recommendation 2.1 as the Board currently comprises 3 independent Non-Executive Directors and 2 Non-Executive Directors.

Mr Huntley is defined as independent as his shareholding in the Group at less than 5% of issued capital is not considered substantial.

In relation to Directors independence, materiality is determined on both quantitative and qualitative bases. An amount of over 5% of annual turnover of the Group is considered material. In addition, a transaction of any amount or a relationship is deemed material if knowledge of it impacts the shareholders' understanding of the director's performance.

### *Recommendation 2.2: The Chair should be an Independent Director.*

When assessing the independence of the Chairman under recommendation 2.1 of the best practice recommendations released by the Australian Stock Exchange Corporate Governance Council, Mr Millner, although meeting other criteria, and bringing independent judgement to bear on his role, is not defined as independent, primarily due to the fact that Mr Millner is an officer of Washington H. Soul Pattinson and Company Limited, which is a substantial shareholder of the Parent.

Recommendation 2.1 has not been followed due to the following reasons;

- The Board are of the opinion that all Directors exercise and bring to bear an unfettered and independent judgement towards their duties. Brickworks Investment Company Limited listed on the Australian Stock exchange on 12 December 2003 to take over the investment portfolio of Brickworks Limited and the Board is satisfied that Mr Millner plays an important role in the continued success and performance of the portfolio.

## CORPORATE GOVERNANCE - Continued

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*Recommendation 2.3: The roles of Chair and Chief Executive Officer should not be exercised by the same individual*

The role of chair and Chief Executive Officer is not occupied by the same individual.

*Recommendation 2.4: The Board should establish a Nomination Committee*

The Group established a Nominations Committee effective from 12 December 2003.

The Nomination Committee consists of the following members:

**RD Millner (Chairman)**

**DC Hall**

**AJ Payne**

**GG Hill**

**IT Huntley (appointed 10 February 2009)**

The main responsibilities of the Committee are to:

- assess the membership of the Board having regard to present and future needs of the Group
- assess the independence of Directors to ensure the majority of the Board are Independent Directors
- propose candidates for Board vacancies in consideration of qualifications, experience and domicile
- oversee Board succession
- evaluating Board performance.

*Recommendation 2.5: Companies should disclose the process for evaluating the performance of the Board, its Committees and Individual Directors*

The Board undertakes an annual self assessment of its collective performance. The self assessment:

- compares the performance of the Board with goals and objectives
- sets forth the goals and objectives of the Board for the upcoming year

The performance evaluation is conducted in such manner as the Board deems appropriate. In addition, each Board Committee undertakes an annual self assessment on the performance of each Committee and achievement of Committee objectives.

The Chairman annually assesses the performance of individual Directors, where necessary and meets privately with each directors to discuss this assessment. The Chairman's performance is reviewed by the Board.

### **Principle 3 – Promote ethical and responsible decision-making**

*Recommendation 3.1: Companies should establish a Code of Conduct.*

The Group has developed a Code of Conduct (the Code) which has been fully endorsed by the Board and applies to all Directors, employees and external service providers. The Code is regularly reviewed to ensure it reflects the highest standards of behaviour and professionalism and the practices necessary to maintain confidence in the Group's integrity.

In summary, the Code requires that at all times all Group personnel act with the utmost integrity, objectivity and in compliance with the letter and the spirit of the law and company policies. This includes taking into account:

- their legal obligations and the reasonable expectations of their stakeholders
- their responsibility and accountability for reporting and investigating reports of unethical practices.

## CORPORATE GOVERNANCE - Continued

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*Recommendation 3.2: Companies should establish a policy concerning trading in company securities by Directors, Senior Executives and employees, and disclose the policy or a summary of that policy.*

The Group has developed a Share Trading Policy which has been fully endorsed by the Board and applies to all Directors and employees.

Directors, Executives and employees may deal in company securities; however they may not do so if in possession of information which is price sensitive or likely to be price sensitive to the security's market price. Changes in a Director's interest are required to be advised to the Group within 3 days for notification to the ASX.

The Directors are satisfied that the Group has complied with its policies on ethical standards, including trading in securities.

### **Principle 4 – Safeguard integrity in financial reporting**

*Recommendation 4.1: The Board should establish an Audit Committee*

The members of the Audit Committee at the date of this Annual Financial Report are:

**DC Hall (Chairman)**

**AJ Payne**

**GG Hill**

*Recommendation 4.2: The Audit Committee should be structured so that it:*

- consists only of Non-Executive Directors
- consists of a majority of Independent Directors
- is chaired by an Independent Chair, who is not Chair of the Board
- has at least three members

The Audit Committee consists only of Non-Executive Directors. Two of three members are independent.

The Chairman of the Audit Committee is an Independent, Non-Executive Director who is not Chairman of the Board. The Chairman of the Audit Committee is also required to have accounting or related financial expertise, which includes past employment, professional qualification or other comparable experience. The other members of the Audit Committee are all financially literate and have a strong understanding of the industry in which the Group operates.

*Recommendation 4.3: The Audit Committee should have a formal charter*

The main responsibilities of the Audit Committee are to:

- review, assess and approve the Annual Report, Half-Year Financial Report and all other financial information published by the Group or released to the market
- reviewing the effectiveness of the organisation's internal control environment covering:
  - effectiveness and efficiency of operations
  - reliability of financial reporting
  - compliance with applicable laws and regulations.
- oversee the effective operation of the risk management framework



## CORPORATE GOVERNANCE - Continued

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- recommend to the Board the appointment, removal and remuneration of the external auditors, and review the terms of their engagement, the scope and quality of the audit and assess performance and consider the independence and competence of the external auditor on an ongoing basis. The Audit Committee receives certified independence assurances from the external auditors
- review and approve the level of non-audit services provided by the external auditors and ensure it does not adversely impact on auditor independence. The external auditor will not provide services to the Group where the auditor would have a mutual or conflicting interest with the Group; be in a position where they audit their own work; function as management of the Group; or have their independence impaired or perceived to be impaired in any way.
- review and monitor related party transactions and assess their priority
- report to the Board on matters relevant to the Committee's role and responsibilities

The external auditor will attend the Annual General Meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report.

### **Principle 5 – Make timely and balanced disclosure**

*Recommendation 5.1: Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies*

The Chairman and Company Secretary have been nominated as being the persons responsible for communications with the Australian Stock Exchange (ASX). This role includes the responsibility for ensuring compliance with the continuous disclosure requirements in the ASX listing rules and overseeing and co-ordinating information disclosure to ASX. The Chairman is responsible for disclosure to analysts, brokers and shareholders, the media and the public.

The Parent has written policies and procedures on information disclosure that focus on continuous disclosure of any information concerning the Group that a reasonable person would expect to have a material effect on the price of the Company's securities.

### **Principle 6 – Respect the rights of shareholders**

*Recommendation 6.1: Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy*

The Board aims to ensure that shareholders are informed of all major developments affecting the Group.

Shareholders are updated with the Group's operations via monthly ASX announcements of the Net Tangible Asset (NTA) backing of the portfolio and other disclosure information. All recent ASX announcements and Annual Reports are available on the ASX website, or alternatively, by request via email, facsimile or post. In addition, a copy of the annual report is distributed to all shareholders who elect to receive it, and is available on the Group's website.

The Board encourages participation by shareholders at the Annual General Meeting to ensure a high level of accountability and to ensure that shareholders remain informed about the Group's performance and goals.

## CORPORATE GOVERNANCE - Continued

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### **Principle 7 – Recognise and manage risk**

*Recommendation 7.1: Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies*

The Board is committed to the identification and quantification of risk throughout the Group's operations.

Considerable importance is placed on maintaining a strong control environment. There is an organisational structure with clearly drawn lines of accountability. Adherence to the code of conduct is required at all times and the Board actively promotes a culture of quality and integrity.

*Recommendation 7.2: The Board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.*

The Board operates to minimise its exposure to investment risk, in part, by implementing stringent processes and procedures to effectively manage investment risk.

Management of investment risk is fundamental to the business of the Group being an investor in Australian listed securities. An Investment Committee has been established to perform, among other roles, investment risk mitigation.

The Investment Committee consists of the following members:

**RD Millner (Chairman)**

**AJ Payne**

**IT Huntley (appointed 10 February 2009)**

**TCD Millner (appointed 1 December 2008)**

The main responsibilities of the Committee are to:

- assess the information and recommendations received from the Chief Executive Officer in his role as portfolio manager regarding the present and future investment needs of the Group
- assess the performance of the Chief Executive Officer in his role as portfolio manager
- evaluate investment performance.

*Recommendation 7.3: The Board should disclose whether it has received assurance from the Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.*

The Chief Executive Officer and the administrative and company secretarial service provider, namely Mr T Millner and Corporate & Administrative Services Pty Ltd have made the following certifications to the Board in accordance with Section 295A of the Corporations Act:

- that the Group's financial reports are complete and present a true and fair view, in all material respects, of the financial condition and operational results of the Parent and its consolidated entities in accordance with all mandatory professional reporting requirements.
- that the above statement is founded on a sound system of internal control and risk management which implements the policies adopted by the Board and that the Group's risk management and internal control is operating effectively and efficiently in all material respects in relation to financial reporting risks.

## CORPORATE GOVERNANCE - Continued

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### **Principle 8 – Remunerate fairly and responsibly**

*Recommendation 8.1: The Board should establish a Remuneration Committee.*

The Group has established a Remuneration Committee consisting of the following members:

**AJ Payne (Chairman)**

**DC Hall**

**RD Millner**

**GG Hill**

**IT Huntley (appointed 10 February 2009)**

The Remuneration Committee oversees and reviews remuneration packages and other terms of employment for Executive Management. In undertaking their roles the Committee members consider reports from external remuneration experts on recent developments on remuneration and related matters.

Executive remuneration and other terms of employment are reviewed annually by the Remuneration Committee having regard to personal and corporate performance, contribution to long term growth, relevant comparative information and independent expert advice. Performance is measured against relative market indices.

Any person engaged in an executive capacity is required to sign a formal employment contract at the time of their appointment covering a range of matters including their duties, rights, responsibilities, and any entitlements on termination.

As well as a base salary, remuneration in such circumstances could be expected to include superannuation, performance-related bonuses and fringe benefits.

*Recommendation 8.2: Companies should clearly distinguish the structure of Non-Executive Directors' remuneration from that of Executive Directors and Senior Executives.*

Fees for Non-Executive Directors reflect the demands on and responsibilities of our Directors. Non-Executive Directors are remunerated by way of base fees and statutory superannuation contributions and do not participate in schemes designed for the remuneration of Executives. Non-Executive Directors do not receive any options, bonus payments nor are provided with retirement benefits other than statutory superannuation.

The Remuneration Committee's terms of reference include responsibility for reviewing any transactions between the organisation and the Directors, or any interest associated with the Directors, to ensure the structure and terms of the transaction are in compliance with the Corporations Act 2001 and are appropriately disclosed.

## CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2009

	Note	Consolidated		Parent	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Revenue from investment portfolio	2 (a)	<b>19,907</b>	17,385	<b>17,875</b>	17,385
Revenue from bank deposits	2 (c)	<b>2,382</b>	3,731	<b>2,129</b>	3,731
Other income	2 (d)	<b>19</b>	5	<b>13</b>	5
Other gains	2 (e)	<b>871</b>	-	<b>720</b>	-
Income from operating activities before special investment revenue and net gains / (losses) on investment portfolio		<b>23,179</b>	21,121	<b>20,737</b>	21,121
Operating expenses	3	<b>1,426</b>	2,006	<b>1,359</b>	2,005
Operating profit before income tax expense, special investment revenue and net gains / (losses) on investment portfolio		<b>21,753</b>	19,115	<b>19,378</b>	19,116
Income tax expense	4	<b>(1,093)</b>	(819)	<b>(871)</b>	(819)
<b>Net operating profit before special investment revenue and net gains / (losses) on investment portfolio</b>		<b>20,660</b>	18,296	<b>18,507</b>	18,297
Special investment revenue	2 (b)	<b>1,295</b>	892	<b>1,295</b>	892
<b>Net operating profit before net gains / (losses) on investment portfolio</b>		<b>21,955</b>	19,188	<b>19,802</b>	19,189
Realised (losses) / gains on investment portfolio		<b>(5,396)</b>	4,625	<b>(4,340)</b>	4,625
Tax credit / (expense) relating to net realised (losses) / gains on investment portfolio	4	<b>3,090</b>	(1,237)	<b>1,302</b>	(1,237)
Net realised (losses) / gains on investment portfolio		<b>(2,306)</b>	3,388	<b>(3,038)</b>	3,388
Unrealised impairment loss on investment portfolio		<b>(1,437)</b>	-	<b>(1,437)</b>	-
Tax credit relating to unrealised impairment loss on investment portfolio	4	<b>431</b>	-	<b>431</b>	-
Net unrealised impairment loss on investment portfolio		<b>(1,006)</b>	-	<b>(1,006)</b>	-
Discount on acquisition of controlled entity		<b>3,323</b>	-	-	-
Profit for the year after net (losses)/gains on investment portfolio, discount on acquisition and unrealised impairment loss		<b>21,966</b>	22,576	<b>15,758</b>	22,577
Net loss attributable to Minority Interest		<b>146</b>	-	-	-
<b>Profit for the year attributable to members of the Company</b>		<b>22,112</b>	22,576	<b>15,758</b>	22,577
		<b>Cents</b>	Cents		
<b>Basic earnings per share</b>	20	<b>6.34</b>	8.01		
<b>Diluted earnings per share</b>	20	<b>6.34</b>	8.01		

This Income Statement should be read in conjunction with the accompanying notes

# Brickworks Investment Company Limited

## CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2009

	Note	Consolidated		Parent	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	6	<b>35,818</b>	43,645	<b>35,000</b>	43,642
Trade and other receivables	7	<b>2,919</b>	4,413	<b>2,682</b>	4,413
Held for trading financial assets	8	<b>247</b>	-	<b>24</b>	-
Prepayments		<b>39</b>	15	<b>17</b>	15
<b>Total Current Assets</b>		<b>39,023</b>	48,073	<b>37,723</b>	48,070
<b>NON-CURRENT ASSETS</b>					
Available for sale financial assets	8	<b>442,210</b>	394,001	<b>639,515</b>	489,387
Property, Plant & Equipment	9	<b>11</b>	-	<b>10</b>	-
Deferred tax assets	10	<b>3,300</b>	498	<b>3,087</b>	497
<b>Total Non-Current Assets</b>		<b>445,521</b>	394,499	<b>642,612</b>	489,884
<b>Total Assets</b>		<b>484,544</b>	442,572	<b>680,335</b>	537,954
<b>CURRENT LIABILITIES</b>					
Trade and other payables	11	<b>84</b>	166	<b>74</b>	166
Current tax liabilities	12	<b>2,043</b>	172	<b>2,043</b>	172
Employee Benefits	13	<b>3</b>	-	<b>3</b>	-
<b>Total Current Liabilities</b>		<b>2,130</b>	338	<b>2,120</b>	338
<b>NON-CURRENT LIABILITIES</b>					
Trade and other payables	11	-	-	<b>203,679</b>	96,460
Deferred tax liabilities	14	<b>11,275</b>	30,811	<b>12,165</b>	30,811
<b>Total Non-Current Liabilities</b>		<b>11,275</b>	30,811	<b>215,844</b>	127,271
<b>Total Liabilities</b>		<b>13,405</b>	31,149	<b>217,964</b>	127,609
<b>Net Assets</b>		<b>471,139</b>	411,423	<b>462,371</b>	410,345
<b>EQUITY</b>					
Share capital	15	<b>420,925</b>	322,915	<b>420,925</b>	322,915
Revaluation reserve	16	<b>27,448</b>	67,381	<b>28,064</b>	69,333
Realised capital gains reserve	17	<b>3,742</b>	6,048	<b>3,010</b>	6,048
Retained profits	18	<b>19,024</b>	15,079	<b>10,372</b>	12,049
<b>Total Equity</b>		<b>471,139</b>	411,423	<b>462,371</b>	410,345

This Balance Sheet should be read in conjunction with the accompanying notes

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2009

CONSOLIDATED ENTITY	Share Capital \$'000	Revaluation Reserve \$'000	Realised Capital Gains Reserve \$'000	Retained Profits \$'000	Total Equity \$'000
<b>Total equity at 1 July 2007</b>	<b>268,834</b>	<b>100,128</b>	<b>2,660</b>	<b>11,317</b>	<b>382,939</b>
Issue of shares, net of cost	54,081	-	-	-	<b>54,081</b>
Dividends paid or provided for	-	-	-	(15,426)	<b>(15,426)</b>
Revaluation of investment portfolio	-	(46,567)	-	-	<b>(46,567)</b>
Provision for tax on unrealised losses	-	13,820	-	-	<b>13,820</b>
Profit for the year	-	-	3,388	19,188	<b>22,576</b>
<b>Total equity at 30 June 2008</b>	<b>322,915</b>	<b>67,381</b>	<b>6,048</b>	<b>15,079</b>	<b>411,423</b>
<b>Total equity at 1 July 2008</b>	<b>322,915</b>	<b>67,381</b>	<b>6,048</b>	<b>15,079</b>	<b>411,423</b>
Issue of shares, net of cost	98,010	-	-	-	<b>98,010</b>
Dividends paid or provided for	-	-	-	(20,473)	<b>(20,473)</b>
Revaluation of investment portfolio	-	(58,484)	-	-	<b>(58,484)</b>
Provision for tax on unrealised losses	-	17,545	-	-	<b>17,545</b>
Net unrealised impairment loss on investment portfolio	-	1,006	-	-	<b>1,006</b>
Profit / (Loss) for the year	-	-	(2,306)	24,418	<b>22,112</b>
<b>Total equity at 30 June 2009</b>	<b>420,925</b>	<b>27,448</b>	<b>3,742</b>	<b>19,024</b>	<b>471,139</b>

This Statement of Changes in Equity should be read in conjunction with the accompanying notes

## PARENT STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2009

PARENT	Share Capital \$'000	Revaluation Reserve \$'000	Realised Capital Gains Reserve \$'000	Retained Profits \$'000	Total Equity \$'000
<b>Total equity at 1 July 2007</b>	<b>268,834</b>	<b>102,080</b>	<b>2,660</b>	<b>8,286</b>	<b>381,860</b>
Issue of shares, net of cost	54,081	-	-	-	<b>54,081</b>
Dividends paid or provided for	-	-	-	(15,426)	<b>(15,426)</b>
Revaluation of investment portfolio	-	(46,567)	-	-	<b>(46,567)</b>
Provision for tax on unrealised losses	-	13,820	-	-	<b>13,820</b>
Profit for the year	-	-	3,388	19,189	<b>22,577</b>
<b>Total equity at 30 June 2008</b>	<b>322,915</b>	<b>69,333</b>	<b>6,048</b>	<b>12,049</b>	<b>410,345</b>
<b>Total equity at 1 July 2008</b>	<b>322,915</b>	<b>69,333</b>	<b>6,048</b>	<b>12,049</b>	<b>410,345</b>
Issue of shares, net of cost	98,010	-	-	-	<b>98,010</b>
Dividends paid or provided for	-	-	-	(20,473)	<b>(20,473)</b>
Revaluation of investment portfolio	-	(60,393)	-	-	<b>(60,393)</b>
Provision for tax on unrealised losses	-	18,118	-	-	<b>18,118</b>
Net unrealised impairment loss on investment portfolio	-	1,006	-	-	<b>1,006</b>
Profit / (Loss) for the year	-	-	(3,038)	18,796	<b>15,758</b>
<b>Total equity at 30 June 2009</b>	<b>420,925</b>	<b>28,064</b>	<b>3,010</b>	<b>10,372</b>	<b>462,371</b>

This Statement of Changes in Equity should be read in conjunction with the accompanying notes

## CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2009

	Note	Consolidated		Parent	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
<b>Cash flows from operating activities</b>					
Payments to suppliers and employees		(2,143)	(2,257)	(1,448)	(2,256)
Other receipts in the course of operations		31	269	30	269
Dividends and distributions received		22,141	17,461	19,753	17,461
Payments for held for trading financial assets		(2,046)	-	(1,472)	-
Proceeds from sale of held for trading financial assets		2,965	-	2,168	-
Interest received		2,621	3,736	2,398	3,736
Income tax refund/(paid)		(204)	-	(254)	-
<b>Net cash inflows from operating activities</b>	19(a)	<b>23,365</b>	19,209	<b>21,175</b>	19,210
<b>Cash flows from investing activities</b>					
Cash acquired on acquisition of controlled entity		16,636	-	-	-
Purchase costs for acquisition of controlled entity		(1,412)	-	(1,412)	-
Payment for available for sale investments		(34,779)	(75,606)	(34,484)	(75,606)
Proceeds from sale of available for sale investments		5,365	10,321	2,423	10,321
Payments for plant and equipment		(13)	-	(12)	-
Loans from controlled entities		-	-	20,657	-
<b>Net cash (outflow) from investing activities</b>		<b>(14,203)</b>	(65,285)	<b>(12,828)</b>	(65,285)
<b>Cash flows from financing activities</b>					
Proceeds from issues of ordinary shares less issue costs		(78)	50,957	(78)	50,957
Dividends paid	5(a)	(16,911)	(12,783)	(16,911)	(12,783)
<b>Net cash (outflow) / inflow from financing activities</b>		<b>(16,989)</b>	38,174	<b>(16,989)</b>	38,174
Net (decrease) in cash held		(7,827)	(7,902)	(8,642)	(7,901)
Cash at the beginning of the year		43,645	51,547	43,642	51,543
<b>Cash at the end of the year</b>		<b>35,818</b>	43,645	<b>35,000</b>	43,642

This Cash Flow Statement should be read in conjunction with the accompanying notes



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report covers the parent entity of Brickworks Investment Company Limited and controlled entities, and Brickworks Investment Company Limited as an individual parent entity. Brickworks Investment Company Limited is a listed public company, incorporated and domiciled in Australia.

The financial report of Brickworks Investment Company Limited and controlled entities, and Brickworks Investment Company Limited as an individual parent entity comply with all International Financial Reporting Standards (IFRS) in their entirety.

The following is a summary of the material accounting policies adopted by the group in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

#### **Basis of Preparation**

The accounting policies set out below have been consistently applied to all years presented.

#### *Reporting Basis and Conventions*

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

#### **Accounting Policies**

##### **a. Principles of Consolidation**

A controlled entity is any entity Brickworks Investment Company Limited has the power to control the financial and operating policies of so as to obtain benefits from its activities.

A list of controlled entities is contained in Note 24 to the financial statements. All controlled entities have a June financial year-end.

All inter-company balances and transactions between entities in the group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

Where controlled entities have entered or left the group during the year, their operating results have been included/excluded from the date control was obtained or until the date control ceased.

Minority equity interests in the equity and results of the entities that are controlled are shown as a separate item in the consolidated financial report.

##### **b. Income Tax**

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009 (continued)

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### b. Income Tax (continued)

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Brickworks Investment Company Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. Each entity in the group recognises its own current and deferred tax liabilities, except for any deferred tax balances resulting from unused tax losses and tax credits, which are immediately assumed by the parent entity. The current tax liability of each group entity is then subsequently assumed by the parent entity. The group notified the Australian Tax Office that it had formed an income tax consolidated group to apply from 12 December 2003. The tax consolidated group has entered a tax sharing agreement whereby each group in the group contributes to the income tax payable in proportion to their contribution to the net profit before tax of the tax consolidated group.

#### c. Financial Instruments

##### **Recognition**

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

##### **Financial assets at fair value through income**

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139: Recognition and Measurement of Financial Instruments. Derivatives are also categorised as held for trading unless they are designated as hedges. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.

##### **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

##### **Held-to-maturity investments**

These investments have fixed maturities, and it is the group's intention to hold these investments to maturity. Any held-to-maturity investments held by the group are stated at amortised cost using the effective interest rate method.

##### **Available-for-sale financial assets**

Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

##### **Fair value**

Fair value is determined based on current bid prices for all quoted investments.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009 (continued)

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### d. Impairment of Assets

At each reporting date, the group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

#### e. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of 12 months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

#### f. Revenue

Sale of investments occur when the control of the right to equity has passed to the buyer.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Dividend revenue is recognised when the right to receive a dividend has been established.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

All revenue is stated net of the amount of goods and services tax (GST).

#### g. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

#### h. Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

#### i. Rounding of Amounts

The parent has applied the relief available to it under ASIC Class Order 98/100 and accordingly, amounts in the financial report and directors' report have been rounded off to the nearest \$1,000.

#### j. Critical Accounting Estimates and Judgments

##### ***Deferred Tax Balances***

The preparation of this financial report requires the use of certain critical estimates based on historical knowledge and best available current information. This requires the directors and management to exercise their judgement in the process of applying the Group's accounting policies.

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. In accordance with AASB 112: Income Taxes deferred tax liabilities have been recognised for Capital Gains Tax on unrealised gains in the investment portfolio at the current tax rate of 30%.

As the Group does not intend to dispose of the portfolio, this tax liability may not be crystallised at the amount disclosed in Note 14. In addition, the tax liability that arises on disposal of those securities may

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009 (continued)

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### j. Critical Accounting Estimates and Judgments (continued)

be impacted by changes in tax legislation relating to treatment of capital gains and the rate of taxation applicable to such gains at the time of disposal.

Apart from this, there are no other key assumptions or sources of estimation uncertainty that have a risk of causing a material adjustment to the carrying amount of certain assets and liabilities within the next reporting period.

#### Impairment

The investment portfolio is continually reviewed by the Investment Committee to determine if any stocks held within it are, in the view of the committee, impaired. This review primarily focuses on the ability of the company to pay dividends over the long term and whether any long term fall in the valuation of the company has arisen from changes to the environment in which it operates. The group will normally dispose of any stock which the Investment Committee considers is impaired and any loss is recognised in Realised Gains or Losses in the Income Statement. Where an investment is considered impaired, but has not been disposed of, an impairment charge is recognised in the Income Statement.

#### k. Australian Accounting Standards not yet effective

The Group has not yet applied any Australian Accounting Standards or Australian Accounting Interpretations that have been issued as at balance date but are not yet mandatory for the year ended 30 June 2009. The impact of these new standards and interpretations has been assessed and is set out below:

##### 1. Revised AASB 101 *Presentation of Financial Statements* and AASB 2007-8 *Amendments to Australian Accounting Standards arising from AASB 101*

A revised AASB 101 was issued in September 2007 and is applicable for annual reporting periods beginning on or after 1 January 2009. It requires the presentation of a statement of comprehensive income and makes changes to the statement of changes in equity, but will not affect any of the amounts recognised in the financial statements. If an entity has made a prior period adjustment or has reclassified items in the financial statements, it will need to disclose a third balance sheet (statement of financial position), this one being as at the beginning of the comparative period. The Group intends to apply the revised standard from 1 July 2009.

No other non-mandatory standards are considered applicable to the Group.

### 2. REVENUES

	Consolidated		Parent	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
<b>(a) Revenue from investment portfolio</b>				
Rebateable dividends:				
- other corporations	18,121	16,410	16,491	16,410
Non-rebateable dividends:				
- other corporations	1,216	537	825	537
Distributions:				
- other corporations	570	289	559	289
Interest received - notes	-	149	-	149
	<b>19,907</b>	17,385	<b>17,875</b>	17,385
<b>(b) Special investment revenue</b>				
Rebateable dividends - special:				
- other corporations	1,295	892	1,295	892

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009 (continued)

### 2. REVENUES (continued)

	Consolidated		Parent	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
<b>(c) Revenue from bank deposits</b>				
Interest received	<b>2,382</b>	3,731	<b>2,129</b>	3,731
<b>(d) Other income</b>				
Other revenue	<b>19</b>	5	<b>13</b>	5
<b>(e) Other gains / losses</b>				
Net gain on sale of investments held for trading	<b>778</b>	-	<b>711</b>	-
Unrealised net gain on investments held for trading	<b>93</b>	-	<b>9</b>	-
	<b>871</b>	-	<b>720</b>	-
<b>Total Income</b>	<b>24,474</b>	22,013	<b>22,032</b>	22,013

### 3. OPERATING EXPENSES

Administration expenses	<b>428</b>	314	<b>382</b>	313
Occupancy costs	<b>5</b>	-	<b>4</b>	-
Employment expense	<b>295</b>	131	<b>295</b>	131
Professional fees	<b>166</b>	143	<b>146</b>	143
Depreciation	<b>2</b>	-	<b>2</b>	-
Management fees	<b>530</b>	1,418	<b>530</b>	1,418
<b>Total Expenditure</b>	<b>1,426</b>	2,006	<b>1,359</b>	2,005

### 4. TAX EXPENSE

The aggregated amount of income tax expense attributable to the year differs from the amounts prima facie payable on profits from ordinary activities. The difference is reconciled as follows:

<b>(a) Operating profit before income tax expense and net gains on investment portfolio</b>	<b>23,048</b>	20,007	<b>20,673</b>	20,008
Tax calculated at 30% (2008:30%)	<b>6,914</b>	6,002	<b>6,202</b>	6,002
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:				
- Franked dividends and distributions received	<b>(5,822)</b>	(5,190)	<b>(5,331)</b>	(5,190)
- (Over)/Under provision in prior year	-	7	-	7
Net tax expense on operating profit before net gains on investments	<b>1,093</b>	819	<b>871</b>	819

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009 (continued)

### 4. TAX EXPENSE (continued)

	Consolidated		Parent	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
<b>(a) Operating profit before income tax expense and net gains on investment portfolio (continued)</b>				
Net gains on investments	(5,396)	4,625	(4,340)	4,625
Tax calculated at 30% (2008: 30%)	(1,619)	1,388	(1,302)	1,388
Tax effect of:				
- difference between accounting and tax cost bases for capital gains purposes	(1,471)	(151)	-	(151)
Tax expense on net gains on investments	(3,090)	1,237	(1,302)	1,237
Unrealised impairment loss on investment portfolio	(1,437)	-	(1,437)	-
Tax calculated at 30% (2008: 30%)	(431)	-	(431)	-
Total Tax (credit) / expense	(2,428)	2,056	(862)	2,056
<b>(b) The components of tax expense comprise</b>				
Current tax	2,043	172	829	172
Deferred tax	(4,471)	1,877	(1,691)	1,877
(Over)/Under provision in prior year	-	7	-	7
	(2,428)	2,056	(862)	2,056

### 5. DIVIDENDS

<b>(a) Dividends paid during the year</b>				
Final dividend for the year ended 30 June 2008 of 3.0 cents per share (2007: 2.7 cents per share) fully franked at the tax rate of 30%, paid on 29 August 2008	8,729	6,811	8,729	6,811
Interim dividend for the year ended 30 June 2008 of 3.0 cents per share (2007: 2.6 cents per share) fully franked at the tax rate 30%, paid on 12 March 2009	11,744	8,615	11,744	8,615
<b>Total</b>	<b>20,473</b>	<b>15,426</b>	<b>20,473</b>	<b>15,426</b>
Dividends paid in cash or invested in shares under the dividend reinvestment plan ("DRP")				
Paid in cash	16,911	12,783	16,911	12,783
Reinvested in shares via DRP	3,562	2,643	3,562	2,646
<b>Total</b>	<b>20,473</b>	<b>15,426</b>	<b>20,473</b>	<b>15,429</b>
<b>Franking Account Balance</b>				
Balance of the franking account after allowing for tax payable in respect of the current year's profits and the receipt of dividends recognised as receivables	16,984	6,810	16,984	6,810
Impact on the franking account of dividends declared but not recognised as a liability at the end of the financial year (b) below	(5,068)	(3,741)	(5,068)	(3,741)
<b>Net available</b>	<b>11,916</b>	<b>3,069</b>	<b>11,916</b>	<b>3,069</b>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009 (continued)

### 5. DIVIDENDS (continued)

#### (b) Dividends declared after balance date

Since the end of the financial year the directors have declared a final dividend for the year ended 30 June 2009 3.0 of cents per share (2008: final 3.0 cents per share) fully franked at the tax rate of 30%, payable on 4 September 2009, but not recognised as a liability at the end of the financial year.

### 6. CURRENT ASSETS - CASH AND CASH EQUIVALENTS

	Consolidated		Parent	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Cash at bank	27,012	2,623	27,012	2,623
Short term bank deposits	8,806	41,022	7,988	41,019
	<b>35,818</b>	43,645	<b>35,000</b>	43,642

### 7. CURRENT ASSETS - TRADE AND OTHER RECEIVABLES

Dividends receivable	2,723	2,948	2,533	2,948
Distributions receivable	-	197	-	197
Interest receivable	167	406	137	406
Amounts receivable from controlled entities	-	-	-	-
Outstanding settlements	-	833	-	833
Other receivable	29	29	12	29
	<b>2,919</b>	4,413	<b>2,682</b>	4,413

### 8. FINANCIAL ASSETS - INVESTMENT PORTFOLIO

<b>Current Investment Portfolio</b>				
Listed securities at fair value held for trading:				
- Shares in other corporations	247	-	24	-
<b>Non-Current Investment Portfolio</b>				
Listed securities at fair value available for sale:				
- Shares in other corporations	442,210	394,001	442,180	394,001
Shares in controlled entities at cost	-	-	197,335	95,386
	<b>442,210</b>	394,001	<b>639,515</b>	489,387
Total Investment Portfolio	<b>442,457</b>	394,001	<b>639,539</b>	489,387

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009 (continued)

### 9. PROPERTY, PLANT AND EQUIPMENT

	Consolidated		Parent	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
<b>Office equipment, furniture &amp; fittings at cost</b>	<b>19</b>	6	<b>12</b>	-
Accumulated depreciation	<b>(8)</b>	(6)	<b>(2)</b>	-
Total	<b>11</b>	-	<b>10</b>	-
Reconciliation of the carrying amounts of each class of asset at the beginning and end of the financial year:				
<b>Office equipment, furniture &amp; fittings at cost</b>				
Carrying value at 1/7	-	-	-	-
Additions	<b>13</b>	-	<b>12</b>	-
Disposals	-	-	-	-
Depreciation expense	<b>(2)</b>	-	<b>(2)</b>	-
Carrying value at 30/6	<b>11</b>	-	<b>10</b>	-

### 10. NON CURRENT ASSETS - DEFERRED TAX ASSETS

The deferred tax asset balance comprises the following timing differences and unused tax losses:

Transaction costs on equity issues	<b>553</b>	489	<b>355</b>	488
Accrued expenses	<b>19</b>	9	<b>16</b>	9
Tax losses	<b>2,728</b>	-	<b>2,716</b>	-
	<b>3,300</b>	498	<b>3,087</b>	497



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009 (continued)

### 10. NON CURRENT ASSETS - DEFERRED TAX ASSETS (continued)

	Opening Balance \$'000	Credited/ (Charged) to Income Statement \$'000	Credited/ (Charged) to Equity \$'000	Tax Balances Transferred On Takeover \$'000	Tax Balance Transferred \$'000	Over Provision \$'000	Closing Balance \$'000
<b>Parent</b>							
Transaction costs on equity issues	416	(407)	479	-	-	-	488
Accrued expenses	9	-	-	-	-	-	9
Tax losses	649	(617)	-	-	(25)	(7)	-
<b>Balance as at 30 June 2008</b>	<b>1,074</b>	<b>(1,024)</b>	<b>479</b>	<b>-</b>	<b>(25)</b>	<b>(7)</b>	<b>497</b>
Transaction costs on equity issues	488	(133)	-	-	-	-	355
Accrued expenses	9	7	-	-	-	-	16
Tax losses	-	1,302	-	-	1,414	-	2,716
<b>Balance as at 30 June 2009</b>	<b>497</b>	<b>1,176</b>	<b>-</b>	<b>-</b>	<b>1,414</b>	<b>-</b>	<b>3,087</b>
<b>Consolidated</b>							
Transaction costs on equity issues	417	(407)	479	-	-	-	489
Accrued expenses	9	-	-	-	-	-	9
Tax losses	624	(617)	-	-	-	(7)	-
<b>Balance as at 30 June 2008</b>	<b>1,050</b>	<b>(1,024)</b>	<b>479</b>	<b>-</b>	<b>-</b>	<b>(7)</b>	<b>498</b>
Transaction costs on equity issues	489	(133)	-	197	-	-	553
Accrued expenses	9	(17)	-	27	-	-	19
Tax losses	-	3,090	-	-	(362)	-	2,728
<b>Balance as at 30 June 2009</b>	<b>498</b>	<b>2,940</b>	<b>-</b>	<b>224</b>	<b>(362)</b>	<b>-</b>	<b>3,300</b>

### 11. TRADE AND OTHER PAYABLES

	Consolidated		Parent	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
<b>Current liabilities</b>				
Creditors and accruals	<b>84</b>	166	<b>74</b>	166
<b>Non current liabilities</b>				
Amount due to controlled entities	-	-	<b>203,679</b>	96,460

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009 (continued)

### 12. CURRENT TAX LIABILITIES

	Consolidated		Parent	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Provision for income tax	<b>2,043</b>	172	<b>2,043</b>	172

### 13. EMPLOYEE BENEFITS

Aggregate employee benefits	<b>3</b>	-	<b>3</b>	-
Analysis of provisions:				
Current	<b>3</b>	-	<b>3</b>	-
Non current	-	-	-	-
	<b>3</b>	-	<b>3</b>	-

### 14. NON CURRENT LIABILITIES - DEFERRED TAX LIABILITIES

The deferred tax liability balance comprises the following timing differences:

Revaluation of investments held	<b>11,241</b>	30,603	<b>12,124</b>	30,603
Non rebateable dividend receivable and interest receivable	<b>34</b>	208	<b>41</b>	208
	<b>11,275</b>	30,811	<b>12,165</b>	30,811

Movements in deferred tax liabilities	Opening Balance \$'000	(Credited)/ Charged to Income Statement \$'000	(Credited)/ Charged to Equity \$'000	Tax Balances Transferred In \$'000	Closing Balance \$'000
<b>Parent</b>					
Revaluation of investment portfolio	43,617	806	(13,820)	-	30,603
Non rebateable dividends receivable and interest receivable	160	48	-	-	208
<b>Balance as at 30 June 2008</b>	<b>43,777</b>	<b>854</b>	<b>(13,820)</b>	<b>-</b>	<b>30,811</b>
Revaluation of investment portfolio	30,603	(348)	(17,769)	(362)	12,124
Non rebateable dividends receivable and interest receivable	208	(167)	-	-	41
<b>Balance as at 30 June 2009</b>	<b>30,811</b>	<b>(515)</b>	<b>(17,769)</b>	<b>-</b>	<b>12,165</b>
<b>Consolidated</b>					
Revaluation of investment portfolio	43,617	806	(13,820)	-	30,603
Non rebateable dividends receivable and interest receivable	160	48	-	-	208
<b>Balance as at 30 June 2008</b>	<b>43,777</b>	<b>854</b>	<b>(13,820)</b>	<b>-</b>	<b>30,811</b>
Revaluation of investment portfolio	30,603	(1,356)	(17,644)	(362)	11,241
Non rebateable dividends receivable and interest receivable	208	(174)	-	-	34
<b>Balance as at 30 June 2009</b>	<b>30,811</b>	<b>(1,530)</b>	<b>(17,644)</b>	<b>-</b>	<b>11,275</b>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009 (continued)

### 15. SHARE CAPITAL

	Consolidated		Parent	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
<b>a) Issued and paid-up capital</b>				
394,143,000 ordinary shares fully paid (2008: 290,966,594)	<b>420,925</b>	322,915	<b>420,925</b>	322,915

#### (b) Movement in ordinary shares

	2009		2008	
	Number of Shares	\$'000	Number of Shares	\$'000
Beginning of the financial year	<b>290,966,594</b>	<b>322,915</b>	252,247,770	268,834
Issued during the year:				
- share placement	-	-	34,000,000	49,300
- dividend reinvestment plan	<b>3,813,744</b>	<b>3,562</b>	2,007,442	2,644
- share purchase plan	-	-	2,711,382	3,254
- issued as consideration on takeover	<b>99,362,662</b>	<b>94,526</b>	-	-
- less net transaction costs		<b>(78)</b>		(1,117)
End of the financial year	<b>394,143,000</b>	<b>420,925</b>	290,966,594	322,915

The Parent does not have an authorised share capital and the ordinary shares on issue have no par value.

Between December 2008 and January 2009, the Parent issued 99,362,662 fully paid ordinary shares at as consideration for the takeover of Huntley Investment Company Limited.

Holders of ordinary shares participate in dividends and the proceeds on a winding up of the parent entity in proportion to the number of shares held.

At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

#### (c) Capital Management

The Group's objective in managing capital is to continue to provide shareholders with attractive investment returns through access to a steady stream of fully-franked dividends and enhancement of capital invested, with goals of paying an enhanced level of dividends and providing attractive total returns over the medium to long term.

The Group recognises that its capital will fluctuate in accordance with market conditions and in order to maintain or adjust the capital structure, may adjust the amount of dividends paid, issue new shares from time-to-time or return capital to shareholders.

The Group's capital consists of shareholders equity plus net debt. The movement in equity is shown in the Consolidated Statement of Changes in Equity. At 30 June 2009 net debt was \$ Nil (2008: \$Nil).

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009 (continued)

### 16. REVALUATION RESERVE

The Revaluation reserve is used to record increments and decrements on the revaluation of the investment portfolio.

	Consolidated		Parent	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Balance at the beginning of the year	<b>67,381</b>	100,128	<b>69,333</b>	102,080
Revaluation of investment portfolio	<b>(40,939)</b>	(32,747)	<b>(42,275)</b>	(32,747)
Net unrealised impairment loss on investment portfolio transferred to retained profits	<b>1,006</b>	-	<b>1,006</b>	-
Balance at the end of the year	<b>27,448</b>	67,381	<b>28,064</b>	69,333

### 17. REALISED CAPITAL GAINS RESERVE

The Realised capital gains reserve records gains or losses after applicable taxation arising from the disposal of securities in the investment portfolio.

Balance at the beginning of the year	<b>6,048</b>	2,660	<b>6,048</b>	2,660
Net (losses) / gains on investment portfolio transferred from retained profits	<b>(2,306)</b>	3,388	<b>(3,038)</b>	3,388
Balance at the end of the year	<b>3,742</b>	6,048	<b>3,010</b>	6,048

### 18. RETAINED PROFITS

Retained profits at the beginning of the year	<b>15,079</b>	11,317	<b>12,049</b>	8,286
Net profit attributable to members of the company	<b>22,112</b>	22,576	<b>15,758</b>	22,577
Net losses / (gains) on investment portfolio transferred to realised capital gains reserve	<b>2,306</b>	(3,388)	<b>3,038</b>	(3,388)
Dividends provided for or paid	<b>(20,473)</b>	(15,426)	<b>(20,473)</b>	(15,426)
Retained profits at the end of the year	<b>19,024</b>	15,079	<b>10,372</b>	12,049

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009 (continued)

### 19. RECONCILIATION OF CASH FLOW

	Consolidated		Parent	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
<b>(a) Reconciliation of cash flow from operating activities to operating profit</b>				
Net Profit from ordinary activities	21,966	22,576	15,758	22,577
Non cash item :				
- net losses / (gains) on investment portfolio	2,306	(4,625)	3,038	(4,625)
- discount on acquisition of controlled entity	(3,323)	-	-	-
- unrealised impairment loss on available for sale financial assets	1,006	-	1,006	-
- depreciation expense	2	-	2	-
Change in assets and liabilities, net of the effects of purchase of subsidiaries				
(Increase) / Decrease in available for sale financial assets	48	-	(24)	-
(Increase) / Decrease in receivables and prepayments	1,178	(797)	867	(797)
(Increase) / Decrease in deferred tax assets	512	1,031	488	1,031
Increase / (Decrease) in payables	(710)	(2)	(92)	(2)
Increase / (Decrease) in employee entitlements	3	-	3	-
Increase / (Decrease) in deferred tax liabilities	(493)	854	(528)	854
Increase / (Decrease) in current tax liabilities	870	172	657	172
<b>Net cash (outflow) / inflow from operating activities</b>	<b>23,365</b>	<b>19,209</b>	<b>21,175</b>	<b>19,210</b>

#### (b) Non-cash financing and investing activities

##### i) Dividend reinvestment plan

Under the terms of the Dividend Reinvestment Plan, \$3,561,656 (2008: \$2,644,000) of dividends were paid via the issue of 3,813,744 shares (2008: 2,007,442).

##### ii) Transfer of investment portfolio to parent entity

During 2009, the Company transferred \$86,000,030 of listed investments from its wholly owned subsidiary, Huntley investment Company Limited at carrying value into the Company investment portfolio. The transfer consideration was \$86,000,030 and was settled via inter-company loan.

There was no share transfer in 2008.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009 (continued)

### 19. RECONCILIATION OF CASH FLOW (continued)

#### (c) Acquisition of controlled entities

During 2009, the Group completed the takeover of Huntley Investment Company Limited and at balance date owns 100% of the share capital of the company. Purchase consideration was the issue of 99,362,662 ordinary shares of Brickworks Investment Company Limited.

	\$'000
<b>Payment for investment:</b>	
Issue of shares	94,526
Transaction costs	1,412
Shares transferred from available for sale investments	6,012
Total cost of acquisition	101,950
<b>Fair value of assets acquired:</b>	
Cash and cash equivalents	16,636
Trade and other receivables	585
Held for trading financial assets	295
Prepayments	7
Available for sale financial assets	89,707
Deferred tax assets	224
Trade and other payables	(628)
Current tax liabilities	(1,001)
	105,825
<b>Minority interests during acquisition phase:</b>	
Recognised in income statement	146
Recognised in reserves	406
	552
Discount on acquisition	3,323

No controlled entities were acquired in 2008.

### 20. EARNINGS PER SHARE

	Consolidated	
	2009 \$'000	2008 \$'000
Profit for the year	22,112	22,576
Earnings used in calculating basic and diluted earnings per share	22,112	22,576
	2009 No. ('000)	2008 No. ('000)
Weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share	348,548	281,950
Basic earnings per share (cents)	6.34	8.01
Diluted earnings per share (cents)	6.34	8.01

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009 (continued)

### 21. AUDITOR'S REMUNERATION

	Consolidated		Parent	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Remuneration of the auditor of the parent entity for:				
(a) Auditing the financial report of the Parent and the controlled entities	22	29	22	29
(b) Taxation services	-	2	-	2
	<b>22</b>	31	<b>22</b>	31

### 22. KEY MANAGEMENT PERSONNEL REMUNERATION

(a) The names and positions held of group directors and key management personnel in office at any time during the financial year are:

Name	Position
RD Millner	Non-Executive Chairman
DC Hall	Non-Executive Director
AJ Payne	Non-Executive Director
GG Hill	Non-Executive Director
IT Huntley	Non-Executive Director (appointed 10 February 2009)
TCD Millner	Chief Executive Officer (appointed 1 December 2008)

There are no other employees of the Parent and controlled entities.

Details of the nature and amount of each Non – Executive Director's and key management personnel's emoluments from the Parent and controlled entities in respect of the year to 30 June have been included in the Remuneration Report section of the Directors' Report.

Payment to Non-Executive Directors is fixed at \$300,000 until shareholders, by ordinary resolution, approve some other fixed sum amount. This amount is to be divided amongst the Directors as they may determine.

These fees exclude any additional fee for any service based agreement which may be agreed from time to time, and also excludes statutory superannuation and the reimbursement of out of pocket expenses.

### 23. SUPERANNUATION COMMITMENTS

The Group contributes superannuation payments on behalf of Directors and employees in accordance with relevant legislation. Superannuation funds are nominated by the individual Directors and employees and are independent of the Group.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009 (continued)

### 24. RELATED PARTY TRANSACTIONS

Related parties of the Group fall into the following categories:

#### (i) **Controlled Entities**

##### (a) **Acquisition of controlled entities**

During 2009, the Group completed the takeover of Huntley Investment Company Limited and at balance date owns 100% of the share capital of the company. Purchase consideration was the issue of 99,362,662 ordinary shares of Brickworks Investment Company Limited. A discount on acquisition of \$3,323,000 was recognised in the income statement of the Group in the current year resulting from this acquisition.

The effective date that control was gained was 1 December 2008. The contribution to the consolidated profit of the group by Huntley Investment Company Limited from that date to 30 June 2009 was \$2,146,000.

No controlled entities were acquired in 2008.

At 30 June 2009, subsidiaries of the Parent were:

	Country of Incorporation	Percentage Owned (%)	
		2009	2008
Brickworks Securities Pty Limited	Australia	100	100
Pacific Strategic Investments Pty Limited	Australia	100	100
Huntley Investment Company Limited	Australia	100	4

Transactions between the Parent and its controlled entities consist of loan balance due from the Parent to its controlled entities. No interest is charged on the loan balance by the controlled entities and no repayment period is fixed for the loan.

##### (b) **Disposal of controlled entities**

There was no disposal of controlled entities in 2009 (2008: Nil).

#### (ii) **Directors/Officers Related Entities**

Persons who were Directors/Officers of Brickworks Investment Company Limited for part or all of the year ended 30 June 2009 were:

Directors:	RD Millner
	DC Hall
	AJ Payne
	GG Hill
	IT Huntley
Chief Executive Officer:	TCD Millner
Company Secretary:	RJ Pillinger

#### **Pitt Capital Partners Limited**

The Company appointed Pitt Capital Partners Limited, an entity in which Mr RD Millner has an indirect interest to act as the Company's corporate advisor during the takeover of Huntley Investment Company Limited. Fees paid to Pitt Capital Partners Limited were \$1,115,720 inclusive of GST (2008: \$Nil). No fees remain payable at 30 June 2009 (2008: \$Nil).



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009 (continued)

### (ii) Directors/Officers Related Entities (continued)

#### Souls Funds Management Limited

From the period 1 July 2008 to 30 November 2008, the Group utilised the services of Souls Funds Management Limited, an entity in which Messrs. RD Millner and GG Hill have an indirect interest, to act as investment manager. Under the agreement between the two parties, the Group agrees to pay Souls Funds Management Limited a monthly management fee equal to one-twelfth of 0.35% of the assets of the Group in the preceding month under their management.

Management fees paid or payable for the period ending 30 November 2008 were \$529,802 (2008: \$1,417,805); and the management fee owed by the Group to Souls Funds Management Limited at 30 June 2009 was \$Nil (2008: \$126,413).

#### Corporate and Administrative Services Pty Limited

The Group has appointed Corporate & Administrative Services Pty Limited, an entity in which Mr. RD Millner has an indirect interest to provide the Group with administration, company secretarial services and preparation of all financial accounts.

Administration and secretarial fees paid for services provided to the Parent and its controlled entities for the year ending 30 June 2009 were \$111,540 (2008: \$111,540), including GST and are at standard market rates.

No administration fees were owed by the Group to Corporate & Administrative Services Pty Limited as at 30 June 2009.

### (iii) Transactions in securities

Aggregate number of securities acquired or disposed of by Directors or their Director-related entities:

	2009	2008
	No. of Shares	No. of Shares
Acquisition - Shares	11,846,886	2,039,795
Disposal - Shares	-	-

During the year ended 30 June 2009, entities related to Directors acquired, under normal commercial terms, shares in the Parent as follows:

- (i) Entities related to Mr RD Millner: 716,023 shares (2008: 1,989,907 shares)
- (ii) Entities related to Mr DC Hall: Nil shares (2008: 11,916 shares)
- (iii) Entities related to Mr AJ Payne: 49,026 shares (2008: 33,806 shares)
- (iv) Entities related to Mr. GG Hill: 76,936 shares (2008: 4,166 shares)
- (v) Entities related to Mr. IT Huntley\* 11,004,901 shares (2008: Nil shares)

\* Mr. IT Huntley was issued these shares as consideration for his holding in Huntley Investment Company Limited under the terms of the takeover.

Directors acquired shares through Dividend Reinvestment Plan or on-market purchase.

There has been no other change to Directors' shareholdings during the year ended 30 June 2009.

Messrs RD Millner, DC Hall, AJ Payne GG Hill and IT Huntley, or their associated entities, being shareholders are entitled to receive dividends.

## NOTES TO THE FINANCIAL STATEMENTS

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FOR THE YEAR ENDED 30 JUNE 2009 (continued)

### 25. FINANCIAL REPORTING BY SEGMENTS

The Group operates predominately in the securities industry in Australia.

### 26. MANAGEMENT OF FINANCIAL RISK

The risks associated with the holding of financial instruments such as investments, cash, bank bills and borrowings include market risk, credit risk and liquidity risk. The Audit Committee has approved the policies and procedures that have been established to manage these risks. The effectiveness of these policies and procedures is reviewed by the Audit Committee.

#### a) Financial instruments' terms, conditions and accounting policies

The Group's accounting policies are included in note 1, while the terms and conditions of each class of financial asset, financial liability and equity instrument, both recognised and unrecognised at the balance date, are included under the appropriate note for that instrument.

#### b) Net fair values

The carrying amounts of financial instruments in the balance sheets approximate their net fair value determined in accordance with the accounting policies disclosed in note 1 to the accounts.

#### c) Credit risk

The risk that a financial loss will occur because counterparty to a financial instrument fails to discharge an obligation is known as credit risk.

The credit risk on the Group's financial assets, excluding investments, is the carrying amount of those assets. The Group's principal credit risk exposures arise from the investment in liquid assets, such as cash and bank bills, and income receivable.

The spread of cash and bank bills between banks is reviewed monthly by the board to determine if it is within agreed limits. Income receivable is comprised of accrued interest and dividends and distributions which were brought to account on the date the shares or units traded ex-dividend.

There are no financial instruments overdue or considered to be impaired.

#### d) Market risk

Market risk is the risk that changes in market prices will affect the fair value of the financial instrument.

The Group is a long term investor in companies and trusts and is therefore exposed to market risk through the movement of the share prices of the companies and trusts in which it is invested.

As the market value of individual companies fluctuates throughout the day, the market value of the portfolio changes continuously. The change in the market value of the portfolio is recognised through the Revaluation Reserve. Listed Investments represent 92% (2008: 89%) of total assets.

A 5% movement in the market value of each of the companies and trusts within the portfolio would result in a 5% (2008: 4%) movement in the net assets before provision for tax on unrealised capital gains at 30 June 2009.

The net asset backing before provision for tax on unrealised capital gains would move by 5.6 cents per share at 30 June 2009 (2008: 6.8 cents).

The performance of the companies within the portfolio is monitored by the Investment Committee and the Board as a whole.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009 (continued)

### 26. MANAGEMENT OF FINANCIAL RISK (continued)

#### d) Market risk (continued)

The Group seeks to reduce market risk at the investment portfolio level by ensuring that it is not, in the opinion of the Investment Committee, overly exposed to one Group or one particular sector of the market.

At 30 June, the spread of investments is in the following sectors:

Sector	Percentage of total investment		Amount	
	2009 %	2008 %	2009 \$'000	2008 \$'000
Banks	<b>24.48</b>	23.21	<b>117,079</b>	101,596
Energy	<b>17.87</b>	20.85	<b>85,488</b>	91,252
Materials	<b>12.67</b>	13.19	<b>60,611</b>	57,719
Food & Staples Retailing	<b>7.88</b>	7.22	<b>37,679</b>	31,588
Bank deposits	<b>7.49</b>	9.97	<b>35,818</b>	43,645
Insurance	<b>5.86</b>	4.49	<b>28,013</b>	19,629
Diversified Financials	<b>4.86</b>	5.15	<b>23,249</b>	22,526
Telecommunications Services	<b>3.94</b>	2.50	<b>18,849</b>	10,927
Commercial Services & Supplies	<b>3.92</b>	3.68	<b>18,746</b>	16,105
Utilities	<b>3.41</b>	1.73	<b>16,327</b>	7,565
Consumer Services	<b>1.93</b>	1.16	<b>9,229</b>	5,061
Food, Beverages & Tobacco	<b>1.80</b>	1.31	<b>8,586</b>	5,730
Media	<b>1.09</b>	2.20	<b>5,203</b>	9,610
Capital Goods	<b>0.84</b>	1.03	<b>4,032</b>	4,494
Transportation	<b>0.71</b>	1.07	<b>3,398</b>	4,669
Real Estate	<b>0.56</b>	0.72	<b>2,677</b>	3,141
Retailing	<b>0.50</b>	0.42	<b>2,390</b>	1,854
Health Care Equipment & Services	<b>0.15</b>	0.03	<b>695</b>	133
Consumer Durables & Apparel	<b>0.04</b>	0.09	<b>206</b>	402
	<b>100.0</b>	100.0	<b>478,275</b>	437,646

Securities representing over 5% of the investment portfolio at 30 June were:

Company	Percentage of total investment		Amount	
	2009 %	2008 %	2009 \$'000	2008 \$'000
New Hope Corporation Limited	<b>14.1%</b>	16.9%	<b>67,310</b>	74,099
BHP Billiton Limited	<b>9.9%</b>	9.2%	<b>47,190</b>	40,361
National Australia Bank Limited	<b>9.0%</b>	9.6%	<b>39,590</b>	41,920
Commonwealth Bank	<b>7.2%</b>	6.7%	<b>31,920</b>	29,307
Westpac Banking Corporation	<b>5.2%</b>	0.9%	<b>22,930</b>	4,063
	<b>45.4%</b>	43.3%	<b>208,940</b>	189,750

## NOTES TO THE FINANCIAL STATEMENTS

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FOR THE YEAR ENDED 30 JUNE 2009 (continued)

### 26. MANAGEMENT OF FINANCIAL RISK (continued)

#### d) Market risk (continued)

The relative weightings of the individual securities and relevant market sectors are reviewed at each meeting of the investment Committee and the Board, and risk can be managed by reducing exposure where necessary. There are no set parameters as to a minimum or maximum amount of the portfolio that can be invested in a single company or sector.

The Group is not exposed to foreign currency risk as all its investments are quoted in Australian dollars. The fair value of the Group's other financial instruments is unlikely to be materially affected by a movement in interest rates as they generally have short dated maturities and fixed interest rates.

#### e) Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its financial obligations as they fall due.

The Group has a zero level of gearing, and sufficient cash reserves to meet operating cash requirements at current levels for well in excess of 5 years.

The Group's other major cash outflows are the purchase of securities and dividends paid to shareholders and the level of both of these is fully controllable by the Board.

Furthermore, the majority of the assets of the Group in the form of readily tradable securities which can be sold on-market if necessary.

#### f) Capital risk management

The Group invests its equity in a diversified portfolio of assets that aim to generate a growing income stream for distribution to shareholders in the form of fully franked dividends.

The capital base is managed to ensure there are funds available for investment as opportunities arise. Capital is increased annually through the issue of shares under the Dividend Reinvestment Plan. Other means of increasing capital include Rights Issues, Share Placements and Share Purchase Plans.

### 27. CONTINGENT LIABILITIES

The Group has no contingent liabilities at 30 June 2009.

### 28. AUTHORISATION

The financial report was authorised for issue on 11 August 2009 by the Board of Directors.

## DIRECTORS' DECLARATION

---

The Directors of Brickworks Investment Company Limited declare that:

1. The financial statements and notes, as set out on pages 11 to 50, are in accordance with the *Corporations Act 2001* and:
  - a. comply with Accounting Standards and the Corporations Regulations; and
  - b. give a true and fair view of the financial position as at 30 June 2009 and of the performance for the year ended on that date of the consolidated and parent entities;
2. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
3. This declaration has been made after receiving the declaration required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ending 30 June 2009.

This declaration is made in accordance with a resolution of the Board of Directors.

**Robert D Millner**  
**Director**

Sydney  
11 August 2009

## AUDITOR'S REPORT

### INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF BRICKWORKS INVESTMENT COMPANY LIMITED

#### Report on the Financial Report

We have audited the accompanying financial report of Brickworks Investment Company Limited (the company) and Brickworks Investment Company Limited and Controlled Entities (the consolidated entity), which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

#### Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with AASB 101: Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards (IFRS) ensures that the financial report, comprising the financial statements and notes, complies with IFRS.

#### Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our review in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to auditing engagements and plan and perform the audit to obtain reasonable assurance as to whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, provided to the directors of Brickworks Investment Company Limited on 11 August 2009, would be in the same terms if provided to the directors as at the date of this audit report.

#### Auditor's Opinion

In our opinion:

- (a) The financial report of Brickworks Investment Company Limited and Controlled Entities is in accordance with the Corporations Act 2001, including:
  - i. giving a true and fair view of the company and consolidated entity's financial position as at 30 June 2009 and of their performance for the year ended on that date; and
  - ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;
- (b) The financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

#### Report on the Remuneration Report

We have audited the remuneration Report included in pages 15 to 17 of the report of the directors for the year ended 30 June 2009. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with s 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

#### Auditor's Opinion

In our opinion the Remuneration Report of Brickworks Investment Company Limited for the year ended 30 June 2009, complies with s 300A of the Corporations Act 2001.

#### RUWALD & EVANS

Martin Bocxe  
Partner  
Level 1, 276 Pitt Street, SYDNEY NSW 2000

11 August, 2009

*Liability limited by a scheme approved under Professional Standards Legislation*

## AUDITOR'S INDEPENDENCE DECLARATION

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**Auditors' Independence Declaration under Section 307C of the Corporations Act 2001 to the directors of Brickworks Investment Company Limited and Controlled Entities**

I declare that to the best of my knowledge and belief, during the review for the year ended 30 June 2009, there have been:

- (a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

**RUWALD & EVANS**

**Martin Bocxe**  
Partner  
Level 1, 276 Pitt Street  
SYDNEY NSW 2000

11 August, 2009

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## ASX Additional Information

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### 1) Equity Holders

At 31 July 2009, there were 8,466 holders of ordinary shares in the capital of the Parent. These holders were distributed as follows:

No. of Shares held	No. of Shareholders
1 – 1,000	501
1,001 – 5,000	2,002
5,001 – 10,000	1,934
10,001 – 100,000	6,066
100,001 and over	512
<b>Total</b>	<b>11,015</b>

Holding less than a marketable parcel of 417 shares	234
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### Votes of Members

Article 5.12 of the Company's Constitution provides:

- a) Subject to this Constitution and any rights or restrictions attached to a class of Shares, on a show of hands at a meeting of Members, every Eligible Member present has one vote.
- b) Subject to this Constitution and any rights or restrictions attached to a class of Shares, on a poll at a meeting of Members, every Eligible Member present has:
  - (i) one vote for each fully paid up Share (whether the issue price of the Share was paid up or credited or both) that the Eligible Member holds; and
  - (ii) a fraction of one vote for each partly paid up Share that the Eligible Member holds. The fraction is equal to the proportion which the amount paid up on that Share (excluding amounts credited) is to the total amounts paid up and payable (excluding amounts credited on that Share).



## ASX Additional Information (continued)

The 20 largest holdings of the Parent's shares as at 31 July 2009 are listed below:

Name	Shares Held	%
Washington H Soul Pattinson & Company Ltd	53,561,922	13.59%
Argo Investments Limited	8,311,237	2.11%
Huntley Group Investments Pty Ltd <Huntley Group Investments AC>	8,206,475	2.08%
Bougainville Copper Limited	7,297,357	1.85%
J S Millner Holdings Pty Limited	2,971,846	0.75%
Huntley Investment Company Limited	1,866,429	0.47%
Huntley Family Holdings Pty Ltd <Ian Huntley Super Fund A/C>	1,820,737	0.46%
UBS Wealth Management Australia Nominees Pty Ltd	1,591,649	0.40%
Chiatta Pty Ltd <WL Houghton Pract S/F A/C>	1,464,328	0.37%
Mr David McKee + Mrs Pamela Forbes McKee <D McKee Super Fund A/C>	1,257,079	0.32%
T G Millner Holdings Pty Limited	1,140,731	0.29%
D E C Investments Pty Limited	1,028,408	0.26%
Mr Galfrid Leslie Melville	957,043	0.24%
Farjoy Pty Ltd	917,655	0.23%
Aust Executor Trustees Ltd <LIC Fund A/C>	895,927	0.23%
Mrs Patricia Roberta Huntley	890,052	0.23%
Trephant Pty Ltd	840,000	0.21%
Libraries Board of South Australia	833,161	0.21%
Mr Philip Kidman Reid + Mrs Jean Phillips Reid	820,887	0.21%
Belanna Pty Limited	792,070	0.20%
<b>Total top 20 security holders</b>	<b>97,464,993</b>	<b>24.71%</b>
<b>Total number of shares on issue</b>	<b>394,143,000</b>	

## 2) Substantial Shareholders

As at 31 July 2009 the name and holding of substantial shareholder as disclosed in a notice received by the Parent is:

Substantial Shareholders	No. of Shares	% of Total
Washington H Soul Pattinson & Company Ltd	53,561,922	13.59%

## ASX Additional Information (continued)

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### 3) Other Information:

- There is no current on-market buy-back in place.
- There were 171 (2008: 417) transactions in securities undertaken by the Parent and the total brokerage paid or accrued during the year was \$81,124 (2008: \$292,959)

### 4) Management Fees

Management fees paid and accrued during the year ended 30 June 2009 to Souls Funds Management Limited were \$529,802 (2008: \$1,417,805).

### 5) Management Expense Ratio:

The Management Expense Ratio ("MER") is the total expenses of the Group for the financial year, as shown in the income statement, expressed as a percentage of the average total assets of the Group for the financial year.

30/06/04	30/06/05	30/06/06	30/06/07	30/06/08	30/06/09
0.69%	0.71%	0.56%	0.46%	0.46%	0.31%

